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ABSTRACT

A summary of the National Institute of Education's anthology by the same title, this publication reviews 13 articles that discuss current shifts in school enrollment and their impact on the educational system. Topics covered include the demographic background to declining enrollments; the fiscal effects of decline; the management of decline; local, state, and federal policies; management techniques; and state aid. The paper concludes that there is no one best scenario for the management of decline. The authors anticipate a more pluralistic response to retrenchment, one that depends upon flexibility rather than standardization. According to them, forced responses to shifting enrollments may well bring about some of the innovative experimentation federal initiatives failed to produce. (Author/WD)

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Declining Enrollments: The Challenge of the Coming Decade

Summary Report

EA 014 000

The National Institute of Education
U.S. Department of Health, Education and Welfare
Washington, D.C. 20208

DECLINING ENROLLMENT: THE CHALLENGE OF THE COMING DECADE

SUMMARY REPORT

Susan Abramowitz
Stuart Rosenfeld

March, 1978

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INTRODUCTION

The problem of declining enrollment is both sobering and instructive, for it raises practical questions of school finance and organization, as well as basic questions about the nature of our institutions. As a society, we have been so accustomed to growth that decline presents an unpleasant shock. Our social institutions and personal attitudes have been shaped in a period of expansion and growth, and decline strikes many of us as a symbol of diminishing vigor.

This discontinuity occurs because the profile of growth and decline is not symmetrical; decline is not a mirror image of growth, and the responses and skills useful in a period of abundance can be dysfunctional in a period of decline. Opening a new school is a symbol of commitment and growth, a touchstone for the whole community. Closing a school is seen as a symbol of retreat and unwelcome change.

Because decline touches fundamental attitudes, it should come as no surprise that there are no ready panaceas for dealing with declining enrollment. To a large extent, each community must work through the trial itself; the issues are too real and too immediate to the individuals affected for the community to escape political and social turmoil. Both school closings and teacher layoffs are profoundly unsettling. Because of this, each community must reinvent the "declining enrollment wheel", because it is in some measure a unique experience each time it occurs.

In spite of the unique aspects of declining enrollment, there are common threads which will help policy makers, teachers and community residents deal with it. The work reviewed here addresses a variety of perspectives, treating subjects as diverse as alternative facilities usage, school finance reform, and adequate school and community pre-planning.

This book has been assembled by staff of the National Institute of Education to provide scholars, laymen and policy makers with a useful compendium of declining enrollment information; we hope that in addition to providing some assistance to affected communities, it will help to stimulate further discussion and scholarship in this important and challenging area.

Denis P. Doyle, Chief
School Finance & Organization Division

PREFACE

The phenomenon of declining enrollments will most likely have a greater impact on education in the next decade than any other foreseeable trend. How we in education choose to handle it will either reinforce or undo the progress we have made toward achieving the goals we have pursued during the past decade.

Demographers tell us that by the mid-1980s elementary school enrollments may have declined by as much as 18 percent since 1970. Secondary enrollments may have declined by as much as 25 percent through the 1980s. The phenomenon is further complicated by the fact that some areas of the country are experiencing and will continue to experience sizable enrollment increases in the midst of this decline, and that even within a state, enrollment patterns may vary widely. Although we cannot predict the exact magnitude of these declines or increases, I believe these figures are sufficiently startling to prompt us to make decisions now regarding the management of these changes.

For educators in many regions of the country, such warnings are superfluous. Many of us who deal with education have already seen the effects of declining enrollments and the grim alternatives that dealing with this decline entails: closing of school buildings, laying off of personnel, cutting back services to the bare bones, and placing a drain on the funds available to already poor districts because of the structure of state aid formulas.

It is too late to say we should have heeded the warnings of demographers and realize that growth was not a way of life. But I do not believe it is so late that we must completely sacrifice the gains we have made in education in the last several years. And, I feel that the research supported by the National Institute of Education and summarized in this executive summary, prove to be one of NIE's most timely and valuable undertakings.

From all indications, this trend of declining enrollments will continue through the 1980s; it would be negligent of anyone involved in the educational process not to take note of their findings, for they have implications for all programs at all levels in all areas of the country.

I am especially pleased to see that while the research in this volume does not attempt to gloss over the degree of hardship that can result from demographic changes, it deals with decline as a phenomenon that can be successfully handled and in some cases provide unexpected benefits. I would hate to think that an educational system that found a way to expand services to reach large groups of students we never dreamed of serving only ten years ago would not try mightily to fulfill its responsibility to maintain quality programs for fewer students.

As some of the papers reviewed here indicate, we can make decline work for us, or at least not against us. In some cases, this may mean rearranging our goals. The demographic trends responsible for decline may eventually result in a different student population, perhaps with a greater percentage of low-income children, or children from single-parent families, or of immigrant families. This may call for a stronger, and different, federal role, or a revamping of state aid programs, which is already beginning to occur in some states.

Whatever the end product, I feel that the NIE research will help ensure that our country's education system in the late 1980s will not resemble a sinking liferaft with patches stuck over the leaks, but rather that it will remain a strong, vital means of educating our citizens.

Carl D. Perkins
Chairman, Education and Labor
Committee, House of Representatives

DECLINING ENROLLMENT:
THE CHALLENGE OF THE COMING DECADE

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SUMMARY REPORT
DECLINING ENROLLMENT: THE CHALLENGE OF THE COMING DECADE

Susan Abramowitz
Stuart Rosenfeld

INTRODUCTION

This report summarizes the National Institute of Education's anthology entitled Declining Enrollment: The Challenge of the Coming Decade, a collection of papers about current shifts in school enrollment and their impact on the educational system. In 1977, when the phrase "small is beautiful" represents a burgeoning aspiration and when energy shortages, zero-based budgeting, and pollution controls are among the most pressing concerns of many policymakers, it is easy to forget the times of growth and expansion that preceded this period of decline. The problem in education today is not too *many*--it is too *few*. School closings, rather than school shortages, are making the headlines. Many of the classrooms quickly erected to meet the expanding needs of education during the 1950s and 1960s now sit empty. There are few antecedents for these problems of the 1970s and therefore educational administrators specifically and policymakers generally have been caught unprepared. To understand their predicament, the situation requires an historical perspective. One has only to think back some two decades and remember how different were the conditions and problems facing policymakers.

* * *

In 1957 America was waging a cold war with the Communist bloc countries and battling for superiority in, among other things, a space race with Russia. Each side's success was gauged by numbers: comparative figures for manpower, planes, armament, and nuclear strength were constantly being reported for the two superpowers.

At the same time, such military leaders as Admiral Rickover warned that the real race could be better measured by scientific manpower. In this area, experts projected an American deficit. In the decade between 1950 and 1960 the Soviet Union would graduate approximately 1,200,000 scientists and engineers while the United States would graduate "only" 900,000. Fears aroused by such statistics seemed confirmed when, on October 4, 1957, the Soviet

launching of Sputnik shocked the United States. A solution for this embarrassing situation was urgently needed. Two weeks later Vice President Nixon, in typical cold war rhetoric, called for increased military spending and, on the economic "front," a doubling or tripling of American capital investment abroad over the next decade. Expansion was the solution.

Taking its cue, Congress, supported by the education community, quickly voted more money for science education via the National Defense Education Act and increased support of the National Science Foundation. At the same time, James Conant was beginning his study of American high schools.[1] He found, to no one's surprise, that most high schools were too small to provide satisfactory technical education and he argued that larger, more comprehensive schools were necessary to produce an adequate scientific workforce.

These contests for numerical superiority were familiar to Americans; growth and expansion already dominated the economic system. As historian Robert Wiebe noted:[2]

> Men defined issues by how much, how many, how far. Greatness was determined by amount, with statistics invariably the triumphant proof that the United States stood first among nations.

The same mentality was applied to schools, which began to be measured in terms of efficiency and output. A 1958 *Fortune* article compared the problems of schools to the production problems of the automotive industry. The schools, like General Motors, were supposed to "optimize the number of students and to minimize the input of man-hours and capital."[3] Schools and school enrollment were showing consistent growth curves, with increases extending in all directions. The percentage of youth attending schools, for example, was steadily increasing (15% in 1910; 32% in 1920; 51% in 1930; 73% in 1940; 77% in 1950; and 88% in 1957 of 14-17 year olds); the length of the school year had been extended; and the number of years the average person attended school had grown consistently. In 1957, however, the

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[1] James B. Conant, *The American High School Today*, Carnegie Series in Education (New York: McGraw-Hill, 1959).

[2] Robert H. Wiebe, *The Search for Order* (New York: Hill & Wang, 1967), p. 4.

[3] Raymond E. Callahan, *Education and the Cult of Efficiency* (Chicago, Ill.: University of Chicago Press, 1962), p. 256.

expansion was especially acute, as the post-war baby boom reached the schools. High school enrollment increased by 14 percent over the previous year. The GI Bill had inflated enrollment in higher education which already had risen steadily to 30 percent above the enrollment of a previous decade. Campuses were dotted with ugly World War II Quonset huts used for makeshift classrooms, vividly displaying the need for more facilities.

Increasing demands placed on education to help win the cold war, values embracing growth and expansion, and an entrenched educational establishment that saw a chance to boost its own professional status, all contributed to the school boom of the subsequent decade. Expansion was very much a way of life and schools were considered the gateway to success and affluence. Thus, it is not surprising that *shortages* concerned educational planners in 1957.

A pamphlet published in 1957 by the National School Public Relations Association illustrated contemporary attitudes and concerns.[4] It documented crises facing educators, as seen by twenty-five well-known writers, politicans, and newspeople. Some of the articles could have been written in 1977 without appearing dated. For example, one worried critic argued that schools were inferior to those of a decade earlier; an article from *Redbook* asked "what happened to the three R's?"; a *Newsweek* article indicated that lax college entrance requirements would result in devalued degrees; and an *American Legion Magazine* reprint questioned the value of a child's happiness in school and indicated that happiness can actually harm the child and destroy character.

The articles discussing educational demand, however, could not have been mistaken for articles written in 1977.

- Edward R. Murrow lamented that we have become a "have-not" nation. "We have-not enough teachers". . . "We have-not 340,000 classrooms." He describes schools using army barracks and grim pre-fabs to overcome classroom shortages.

- A *Kiplinger* reprint described the growing needs of public education. "Total population of the United States grows so fast you lose track of it. . . Look at the new babies . . . all time high this year 4,200,000. And all signs show

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[4] *School 1957* (Washington, D.C.: National School Public Relations Association, National Education Association, 1957)

higher in future . . . And now for the sorry story of schools . . . already jampacked . . . already inadequate . . . yet headed for worse . . . unless more expansion soon."

- A *Life Magazine* editorial followed. It highlighted the following points:
  - The increase of children. Prosperity has virtually doubled the U.S. birth rate from 2 million a year in 1941 to 1955's all time record of 4 million. Result: a tidal wave of students is inundating already inadequate schools . . ."
  - Too few teachers . . . an additional 750,000 are needed in the next three years.
  - Too few schools . . . the need of 470,000 new classrooms in the next three years.

Buoyed by projections of growth and relatively good economic conditions, despite the brief recession in the late 1950s, school bond issues for new buildings and expansion proliferated to cope with these shortages (see Table 1). The scientific challenge presented by the space race could not be met in the many small or crowded schools. To provide the extended program deemed necessary to meet the challenge in the most efficient and economical way, educators advocated school and district consolidation. Consequently, the nation's 84,000 school districts in 1950 shrank to 40,000 over the next ten years; 1957 was a year of optimism; bigness ruled.[5,6]

TABLE 1

EXPENDITURES FOR EDUCATION

Year	GNP (Billions)	Expenditures For Education (Billions)	Expenditures Per Pupil (In 1974 $)
1937	90.4	3.0	274
1943	191.6	3.5	314
1947	232.8	6.6	358
1953	366.1	14.0	460
1957	442.8	21.1	557
1963	574.7	36.0	695
1967	796.3	57.2	902
1973	1306.6	98.3	1207

5 National Center for Education Statistics, *Digest of Education Statistics: 1976 Edition* (Washington, D.C.: GPO, 1977)

6 In contrast to the "ethic of growth" permeating American thought one of the hit movies of 1957 was *The Incredible Shrinking Man.*

By the early 1960s, little had changed, either in the projections of the specialists or in the values of the populace. The Bureau of the Census published a monograph projecting educational enrollments based on 1960 census data and social indicators. To illustrate the uncertainties associated with the predictions, the Bureau presented both optimistic and pessimistic estimates. All projections, however, pointed to growth, which was expected to accelerate still more in the years after 1975. A few of the predictions are shown in Table 2, along with corresponding current projections for 1977.[7] The current estimates for the years 1980 and 1985, based primarily on children already born and thus relatively certain, are far below even the "low" or pessimistic estimates of a decade ago.

TABLE 2

ENROLLMENT PROJECTIONS

	Elementary School Enrollment		
	1960 Estimate		1977 Estimate
	High	Low	
1980	46,079,000	37,405,000	29,796,000
1985	52,117,000	42,362,000	29,885,000

	High School Enrollment		
	1960 Estimate		1977 Estimate
	High	Low	
1980	16,998,000	15,047,000	14,329,000
1985	19,583,000	15,569,000	13,080,000

If the high and low estimates are assumed to represent a 95 percent confidence level on the normally distributed variable of projected enrollment, then back in the mid-1960s the chance of our present projection occurring would have been on the order of 1 in 100,000!

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[7] John K. Folger and Charles B. Nam, *Education of the American Population* (Washington, D.C.: U.S. Government Printing Office, Bureau of the Census, 1967), p. 66.

The analysts did reluctantly admit that "a sharp change in birth rates, always possible, would produce enrollments outside these fairly wide ranges", but even as late as the mid-1960s, they saw none of the indicators on the horizon that would cause them to alter their estimates. The Women's Movement was still a few years away, women were not yet inundating the workforce, and the ZPG movement had yet to make itself felt.

As the 1960s continued, educators maintained that the problems of the late 1950s still remained to be solved. For example, the National Committee for Support of Public Schools was still lobbying in 1963 for, among other things, more classrooms and more teachers.[8]

> The increase over the preceding year (in the supply of new teachers) is not proportionate to the increased needs; the prospect for substantial relief from the chronic shortage is not in sight.
>
> The accumulated shortage of instruction rooms from the past years remains high despite the fact that in the last 6 years (1955-56 through 1960-61) an average of 69,100 rooms were completed.

None of this is too surprising given the pervasiveness of the belief that continued growth was in the nation's best interests and that no end could be foreseen to the era of expansion. There was an almost blind faith in America's ability to respond to social problems by spending or producing more. Economic expansion went virtually unquestioned and the public's expectations rose accordingly.

* * *

Two full decades after 1957 conditions are quite different. Educators are facing new problems for which the experiences and lessons of the past leave them inadequately prepared. They now confront under-utilization--a situation traditionally associated with inefficiency. Choosing among alternatives has become more critical and more difficult as resources become more limited. The problem is amplified by the training of far more teachers than are needed and the absence of codified strategies to deal with decline.

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[8]John K. Norton, *Changing Demands on Education and Their Fiscal Implications* (Washington, D.C.: National Committee for Support of Public Schools, 1963), p. 66.

Societal values have shifted because of the influence of the Vietnam War, a rising feminist consciousness, growing demands among minority groups for equal rights, and a resurgence of independence and individuality. At the same time, such critics and reformers as Rachel Carson, Barry Commoner, Jay Forrester, and members of the Club of Rome have focused attention on the ecological and economic perils of unregulated growth. Even supporters of growth tread lightly and speak of incremental growth and careful planning. As a nation we responded officially with energy controls, speed limits, legalized abortions, zoning laws, and countless other conservation policies. Current policy emphasizes *limits* rather than *growth*. As a people, we responded by having two children instead of four, postponing children till later in marriage, and experimenting with different life styles. Thus, the results have been not only a shift in family structure, but a net migration from cities and their surrounding suburbs to rural towns and a renewed emphasis on cultural values and community institutions.

Administrators had grown accustomed to a high degree of certainty in their budgets and to unquestioning support of educational expenditures. The new trends and values, however, put strains on the educational system, which had been used to the financial stability normally associated with steady growth and a captive and thus predictable clientele. Fewer children has meant, all of a sudden, a smaller constituency and less public support.

But fiscal problems and population decline are not the only troubles plaguing educators over the past five years. The value of schooling itself, and of educational resources in particular, is also being seriously questioned. Beginning with the Coleman Report in 1966, its subsequent reanalyses, and Jenck's inequality study, research has failed to show that more schooling or more resources, in themselves, have measurable benefits.[9] The implication is that greater equality can be achieved by deploying resources elsewhere.

This accumulation of evidence that *more* does not necessarily mean better, accompanied by a shrinking economy, unemployment and inflation, has resulted in a set of different pressures on school districts. Most evident is the change in the education revenues of the schools. Approximately half of school districts' funds come from the state and

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[9] See James Coleman *et al., Equality of Educational Opportunity* (Washington, D.C.: U.S. Government Printing Office, 1966); Frederick Mosteller and Daniel Moynihan, ed., *On Equality of Educational Opportunity* (New York: Random House, 1972); and Christofer Jencks *et al,. Inequality: A Reassessment of the Effect of Family and Schooling in America* (New York: Basic Books, 1972).

federal governments and is distributed either directly or indirectly according to student enrollment. The percentage is growing as school finance reform proceeds. Decline thus means less money with which to operate, yet at the same time, many of the fixed and semi-fixed expenses cannot be reduced proportionately. Simultaneously, voters are looking long and hard at new bond issues and budget increases for public services. Bond issues that might have easily passed a few years ago are now being defeated handily. In 1964, 25 percent of bond issues put to the voters failed; in 1974, 54 percent were rejected.[10] Taxpayer revolts in Oregon, Ohio, and Connecticut have shut down schools for weeks and sometimes for months at a time. While schools remain important, communities are not willing to pour more and more money into education for questionable marginal benefits. The strain is also apparent in the teaching profession, where thousands of teachers are being laid off and thousands more are graduating from colleges only to find no teaching jobs available. The result of all this is more empty seats, reductions in force, under-utilization of capital investments, high per pupil costs, disruptions in affirmative action programs, and all the concomitant problems associated with an educational recession.

Although decline was not unknown in the past, it was largely confined to poor, rural districts. But now that it has reached the children of the suburbs and the cities, attention paid to it has rapidly increased. Decline is now a full-fledged policy issue demanding and drawing the attention of educational planners and researchers.

WHAT CAN RESEARCH TELL US ABOUT DECLINE

Given the concern about and importance of declining enrollments to the nation's schools, the School Finance and Organization Division of the National Institute of Education decided to support research and policy papers investigating various aspects of the issue. The bulk of this summary reports the findings of the NIE studies and the policy implications for practitioners and decision makers at all levels of government.[11]

Three central ideas organize this material. First, we report on the demographic background to declining school enrollments, examining overall population trends and the effects of such trends on public, private, and urban education. A second theme has

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[10] National Center for Education Statistics, *Digest of Education Statistics*, U.S. Department of Health, Education and Welfare, (Washington, D.C.: Government Printing Office, 1977) p. 71.

[11] The studies have been collected into an anthology, *Declining Enrollment: The Challenge of the Coming Decade* (Washington, D.C.: Government Printing Office, 1978) and are referenced by author and chapter number.

to do with the fiscal impact of decline on state and local revenues and expenditures. Our third focus is on the management of decline both from a theoretical and a practical point of view.

Demographic Background

Although population projections are a function of births, deaths and migration patterns, at the national level births are the most volatile variable of the three. Most demographers choose the Census Bureau's Series II estimate of an average birth rate of 2.1 children per woman as the most likely estimate for the next twenty years. If this estimate is indeed accurate, there will be a 19 percent increase in the 5-13 year old population between 1980 and 2000. However, even with this increase, the school population will be almost 4 million less than 1969's peak enrollment of 37.1 million. The picture for secondary education is even less sanguine: enrollments are expected to decline 25 percent until 1990.[12]

Projections, of course, are predicated assumptions. A demographic analysis by Hariet Fishlow provides a detailed discussion of the crucial assumptions upon which her population predictions are based. Dr. Fishlow asserts that the Series II projection of a completed family size of 2.1 children is the most likely for two reasons.[13] First, it is becoming increasingly difficult to adequately support families with more than two children, given the current economic slowdown and the exacerbated competition for jobs by members of the baby boom cohort. Second, many more women want to fulfill personal goals (as opposed to societal defined norms) through occupations outside the home. Thus, increasing numbers of women are reluctant to settle down and raise a family or prefer to keep their family small.

Fishlow also discusses the likely impact of population trends on post-secondary institutions, whose enrollments heavily depend on both the size of the 18-24 year old population and their rate of enrollment. Over the past years there has been a nearly steady growth in both the college age population and the rate of enrollment. Both were especially high in the 1960s. Future trends, however, suggest that post-secondary

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[12] Russell G. Davis and Gary Lewis, Chapter 1

[13] Harriet Fishlow, Chapter 2

enrollment growth will cease and be replaced by decline in the 1980s, because of the fall in the birth rate which began in the early 1960s. Not all types of institutions of higher learning will endure through this decline. The institutions best able to survive decline in enrollments will be those which are now well-managed and whose administrators are willing and able to plan for flexibility in their academic programs and in the use of their resources. Those institutions will then experience rapid (but short-lived) growth in demand as the 1980s "echo" of baby boom births reaches college age around the year 2000.

The changes in birth rates and migration patterns will also ultimately affect the distribution of the country's population: the population will grow older; there will be a small increase in minorities (from 12.9 to 14.8 percent); and more people will be leaving cities to live in rural areas. Davis and Lewis predict that as population growth slows and the structure of the population changes, economic growth also will slow, revenues will be reduced, and budgets will be tighter.[14] Consequently, they expect a mind-set geared to decline to dominate educational thinking, increasing the likelihood of a sluggish response when enrollments again begin rising.

The enrollment pattern in non-public education is similar to public school trends--it is on the decline.[15] This trend is exacerbated by the fact that total student populations are decreasing and the private schools' share is decreasing. The percentage of students attending non-public schools decreased from 13.6 in 1959-60 to 11.4 by 1969-70. The trends vary significantly, however, among classifications of non-public schools. The overall decline is largely attributable to a big drop in Catholic school attendance (which accounted for 76 percent of the non-public enrollment in 1975-76), overshadowing the fact that enrollment in most of the other categories of non-public schools grew between 1965 and 1975.

Because attendance in Catholic schools accounts for such a large percentage of private sector enrollment, it bears closer scrutiny. The following factors have contributed to its decline: weakening religious and ethnic motivations, higher costs brought about by demands for smaller

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[14] Russell Davis and Gary M. Lewis, Chapter 1

[15] Donald A. Erickson, Chapter 3

class size and better trained teachers, diminution of religious distinctions in efforts to obtain state money, migration of Catholics to the suburbs, with their higher-quality schools, and reduction in Catholic family size. The rate of decline, however, seems to have been curtailed, probably because of a number of new policies initiated by the church such as the establishment of cooperative programs with public schools and other parochial schools to achieve economies of scale, expansion of services, and the broadening of enrollment patterns among inner-city Catholic schools to include non-Catholics--particularly blacks and Spanish-surnamed students.

Among other non-public schools, the Lutheran-Missouri Synod schools have experienced the largest decline, which has been attributed to growing liberalism within the church. Most other religious groups have shown modest to major gains in attendance. The Evangelical schools, the Jewish Day schools, the Episcopal schools, the free schools, and the independent schools have grown over the past decade. However, their total enrollment is still quite small in comparison to public school enrollment.

Much of the enrollment gain of non-public education has been attributed to discontent over desegregation. It is estimated that about 750,000 students in southern states attend schools that have emerged since the 1964 Swann decision to avoid court-imposed integration. Non-public school enrollment is also on the upswing because of other reasons. Protest against perceived features of public education, including lowering of standards and inadequate emphasis on basics; excessive permissiveness or too much rigidity in the public schools; new emphasis of ethnic and religious pluralism; and desire for greater control over the education process, all contribute to renewed interest in alternatives.

Another sector expected to be especially hardpressed is the Nation's urban centers.[16] The statistics illustrating the demographic flux in cities are quite stark: from 1960-70 there has been a 13 percent decline in the number of whites living in central cities with a concomitant 40 percent increase in the number of blacks during the same time period. These figures mask the differential nature of within-ethnicity population flux: while families with children are moving out, younger whites aged 20-24 are moving into urban areas in increasing numbers. There is also an uneven age distribution of blacks in the urban population: whereas the percent of urban blacks in their early

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[16] Milton Bins and Alvin H. Townsel, Chapter 4

twenties is relatively low, it is quite high for those 5-14 and 25-40. This population fluidity is reflected in school enrollment figures. The peak enrollment year for the twenty-eight largest urban school systems was 1970-71 but by 1975-76 enrollment had precipitously declined to what it had been in 1962-63.

The problem of enrollment decline for urban areas, however, is not just a matter of fewer students. The cities are becoming increasingly populated by lower income, minority families whose children usually are more difficult to educate because of their disadvantaged background. In addition to the tremendous needs of such children, cities suffer from other pressing problems due, in large part, to a dwindling tax base caused by chronic un-and under-employment, small business failures, large business disinvestment, and massive emigration of middle- and high-income population groups.

Voters in Cleveland, for example, have seen their taxes increased by 137 percent since 1964, while the assessed valuation of real estate and public utilities has declined from 1.97 billion to 1.81 billion from 1965 to 1973. Thus, the increase in the millage rates has been dissipated to some extent by the shrinking property tax base. Philadelphia is another case in point. The city and school district suffered a combined cumulative deficit of $90 million in 1976. Whereas the school system relies on property tax income, the city need rely only on its wage base. Although wage income is increasing, the assets from property are waning, leaving the school system in a particularly precarious position.

The tales of woe can be replicated from city to city, especially for those urban areas in regions of the country hard hit by the recent economic recession. And because school fiscal matters are often inextricably tied to those of its government unit, both units often founder together. Bins and Townsel argue that cities, in comparison to their suburban neighbors, are more hard pressed because of greater service needs required by a lower income, more densely settled population and higher municipal administrative costs. On the average in the thirty-seven largest SMSAs, cities spent approximately 40 percent more than their suburban counterparts for both education and non-education-related expenses. While education expenses have remained a fairly constant one-third of the total expenditures from 1957-70, they accounted for slightly over half of suburban budgets in the same time period.

Due to the greater tax burden urban areas bear in supporting public services and their consequent inability to provide adequately for education, the authors believe that states and the federal government, through finance mechanisms, should increase assistance to cities. Whether one believes in the concept of "municipal overburden" or not, it is clear that urban managers do![17] And this perception of education as a stepchild in the community may be as pernicious, were it a reality.

The Fiscal Effects of Decline: The View from the States

The most immediate impact of declining enrollment is on the budget. Most state-aid allocations are either directly or indirectly related to student count, so that during a period of enrollment decline state funds are reduced in proportion to a district's loss of students. As a result this is also where help is first sought.

Currently, nineteen out of the thirty-seven states which have experienced enrollment decline, plus ten states which have not, use one of several provisions to either discount or forestall the loss of state aid to districts.[18] These provisions are distinguishable by the fact that they create a buffer period that serves to cushion the impact of decline and as such are essentially variants of "hold harmless" schemes. While some mechanisms guarantee continuing support despite decline, others require that districts make downward expenditure decisions as student enrollment declines continue.

Odden and Vincent have investigated some correlates of decline in four states.[19] They examined the magnitude of the problem, both statewide and on a school district basis, by analyzing the type of school district affected; the wealth, tax rate, and state aid characteristics; the effects on expenditures and personnel; and the effect on the minority composition of school districts.

Their results indicate that the greatest decline has occurred in the elementary grades, in both very large and very small distrcits, and in central cities. A regional analysis shows that while the south and southwest are enjoying a boom and the northeast is relatively stable, the midwestern, mid-Atlantic, and Pacific Coast states are suffering decline. To complicate matters further, both enrollment declines and increases may occur simultaneously in the same state.

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[17] For a recent review of the municipal overburden argument, see Aaron Gurwitz, *The Financial Condition of Urban School Districts: A Federal Policy Perspective* (Santa Monica, California: The Rand Corp., January 1978).

[18] Jack Leppert and Dorothy Routh, Chapter 5.

[19] Allan Odden and Phillip E. Vincent, Chapter 6.

A curious picture emerges. Districts with large declining enrollments spend greater than the state averages per pupil for total, instructional, operational, and maintenance-of-plant and fixed expenditures. Declining enrollment districts also are marked by above-average property wealth per pupil, tax rates above or equal to statewide averages, and above-average state-aid per pupil. In trying to make sense of this data, it has to be remembered that any per pupil measure will increase with a decrease in students. In all likelihood, this explains the above-average property wealth of districts with the most statewide decline. Contrary to expectation, however, the amount of state-aid per pupil is still markedly high for the declining enrollment districts. Whether this is merely an artifact of the yardstick or an indicator of state provisions mitigating decline is unclear.

There is another anomaly in the data. Declining enrollment districts seem to tax themselves beyond what one would expect for property wealthy districts with a decline in students. One explanation for this is that urban areas probably make up a large number of the districts experiencing the most decline and they usually tax themselves heavily to support the services they provide. The Odden and Vincent work supports the proposition that the relationship between decline and various financial indicators for cities is unique. Examination of measures of fiscal wealth in cities which have suffered declining enrollments indicates that the loss of demand for school services has simply changed the cities' position from one of great disadvantage to one of lesser disadvantage.

The implication for state policy suggested by Odden and Vincent is that if a state decides to provide for a declining enrollment factor, it may be best developed in the context of equalization formulas to ensure that districts helped by a declining enrollment factor are those which need help rather than those which have simply lost students.

This point is highlighted by a recent examination of fiscal and programmatic effects of decline in Iowa, which has had a greater relative enrollment loss that any other state between 1972 and 1975.[20] The investigation indicates a *minimally* adverse impact of declining enrollment for two different reasons. First, enrollment losses have been concentrated in districts with the greatest fiscal resources to deal with them. Second, decline occurred in the wake of school finance reform; the legislature realized that it could assume increased responsibilities for school revenue-raising without the burden of additional state taxes since the number of children needing services was decreasing. Because reform resulted in a massive increase in state-aid to most Iowa districts, regardless of decline, many districts were better able to survice the dislocations of declining enrollment than they would have under the old inequitable funding system.

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[20]William H. Wilken and John Callahan, Chapter 7.

Another finding of this study is that both increasing and decreasing enrollment school districts perceived the impact of enrollment change on the quality of specific services similarly. This suggests that factors other than declining enrollments may be causing problems at the district level. Although decline has had mixed effects, the authors contend it has failed to result in any major shifts in the quality and character of local school services. Districts claim that decline inhibits innovation and expansion, but they also report their adjustments to it have yet to result in program cutbacks.

Managing Decline

Berman and McLaughlin step back from several years of investigating how previously-funded change efforts are implemented in schools and contemplate how decline approximates what they learned about change in past research.[21] They believe that the management of decline will be exacerbated by the tendency of districts to employ short-term solutions rather than developing long-term planning strategies; to avoid conflict; and to attempt to reverse or undo decisions made during expansion.

Districts, however, can avoid some of these pitfalls if they learn to manage the change required by enrollment decline much as they had to learn how to implement change during the more halcyon days of the 1960s. Successful implementation of change, the authors believe, requires an understanding of the process whereby reform is adopted, implemented, and ultimately institutionalized. All three stages require sufficient community and staff participation to guarantee a long-lasting base of support. They suggest that symbolic attempts of reform can be avoided by such strategies as staff development, the efficient use of specialists, and budgetary systems which provide options rather than assume automatic and arbitrary cutbacks.

While researchers speculate on the problems of managing decline, the superintendent must deal with it directly. The report of one superintendent describes some of the day-to-day crises. William Keough details the trauma a Long Island community suffered in attempting to implement one of the most frequently employed solutions to enrollment decline--closing a school.[22]

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[21] Paul Berman and Milbrey McLaughlin, Chapter 8.

[22] William Keough, Chapter 9.

In addition he enumerates other problems superintendents can expect. A continuing drop in pupil-teacher ratios, fewer younger teachers, decreases in chances for advancement, and legal problems entailed in RIF procedures are all basic personnel problems that mangers need to face. Effects on the quality of a system's educational program must also be considered. One of the greatest hazards is "indecision and perennial drift--a condition which, for many, seems preferable to difficult policy decisionmaking." The decisions are difficult: should programs be cut, faculties consolidated, taxes increased, deficits run? Keough discusses the pros and cons of each as strategies for solving the vexing problems of decline.

The effects of decline on teachers are direct and immediate.[23] Even though pupil-teacher ratios are being reduced, the teaching market is drying up and colleges continue to oversupply an already saturated market. Supply and demand figures for the 1970s show that the demand for new elementary and secondary school teachers in 1974 was less than half the supply. Even though the supply is waning and fewer students are choosing education as a field, the imbalance is expected to persist for some time. The prospects for higher education are particularly gloomy. The number of people in the traditional college age group will decline 25 percent between 1980 and 1994, causing enrollment to drop by 1.8 million. In order to accommodate this smaller number of anticipated students, total faculty size could be reduced by as much as 100,000. If this occurs, total academic demand, in fact, will only be one-third the supply.

Women and minorities, already disproportionately distributed in education, may bear the brunt of retrenchment. They comprise an unusually large proportion of preschool and elementary school teachers, a smaller proportion of high school teachers, and very small numbers of administrators. In addition, minority employees tend to be concentrated in service, clerical, and aide positions. A similar situation exists at the college level, with fewer women and minorities holding professorships, tenure, or administrative positions. In addition, there are noticeable disparities in earnings between sexes and between races for teachers at all levels of the education system. With retrenchment, whatever recent gains have been made may begin to slip for minorities and women.

Seniority and tenure are the two policies that wreak havoc with the once dependable education employment ladder. Because of past and present discrimination, women and minorities are less likely to have equivalent seniority with white males in job positions to which they may have recently gained access. The question unions are now beginning to face

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[23]Bella Rosenberg and Phillip E. Vincent, Chapter 10.

is how to maintain their principles without compromising recent achievements of affirmative action programs. The courts have recognized both absolute seniority and retroactive seniority--time added for those denied jobs in violation of the Civil Rights Act. The courts notwithstanding, the responsibility will probably fall to the unions to negotiate contracts balancing the rights of women and minorities against those accruing for age and experience.

One potential response to decline is increased competition for students. We speculated that a decrease in the supply of students would serve as an incentive for schools to compete for students. Moreover, we expected that competition would be most likely to occur among schools serving the same population--high schools, adult schools, and community colleges. Zusman and Weiner, in their case studies of three California school districts, found these suspicions unsupported.[24] Institutions serving the same clientele do not actively compete for more or new students. Rather, the three districts would be better distinguished by the level of conflict within them--the "suspicion, resentment and antagonism" resulting from "a perceived threat of territorial invasion and the fear that enrollments might be lost."

Note, however, that it was not declining enrollments which precipitated this increased level of conflict. Instead, an overall *expansion* of adult enrollments was the major cause. The authors also found substantial differences in levels of conflict among different communities, which they attribute to a number of largely idiosyncratic factors. Changing patterns of service, aggressive and committed adult school program directors, and a community college's challenge of an adult school's monopoly are all examples of situations which increase the level of conflict among the various interested parties without *ipso facto* resulting in any institution's active competition for students.

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[24] Ami Zusman and Stephen Weiner, Chapter II.

PERSPECTIVES ON POLICY

Decreasing enrollments for elementary schools will be with us until the mid-1980s and for secondary schools into the 1990s. Not only does decline differentially affect parts of the education sector--higher education, private education, elementary and secondary schools--it is more prevalent in certain regions of the country and types of communities. A summary review of state policy suggests that although many states have decided to subsidize declining enrollment districts by altering their school finance mechanism, they have yet to deal with the sticky problem of trying to determine whether all declining enrollment districts *deserve* special treatment. In fact, a recent study sponsored by the Office of Education (OE) of the ten districts in each state with the greatest absolute and relative decline suggests that these districts do not, on the average, suffer financially as compared to other districts (See Table 2).

Although the national averages hide tremendous variations both within the data and among states, some districts clearly have not experienced as much financial hardship as was originally predicted. Similarly, communities react differently to the problems of decline. Thus, although East Meadow, Long Island, went through a crisis because of dissension over school closings, reports from Seattle have been much more positive.[25] What is one to make of this *pot pourri*?

Some districts are clearly on the horns of dilemma. Fewer students are enrolling, yet school costs are increasing because of student losses and because of a number of other factors such as requirements to implement state-and federal-mandated programs, obligations incurred by collective bargaining, rising energy costs and inflation.

Why then are actual expenditures and revenue problems less than some expected? The answer may lie in how the state responds with financial assistance and in how strongly communities feel about their schools. State aid mechanisms compensate for pupil loss by such devices as corrections for inflation, sparcity, or municipal overburden which soften the financial blow. Alternatively the lessened impact may be a function of district responses. Fixed costs prevent districts from cutting expenses precipitously. Enrollment has to decline markedly before even one teacher slot can be cut. This lag in

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[25]Nancy Burton, Donald Eismann and Alice Woldt, *Schools and Neighborhoods Research Study*, National Institute of Education Project No. NIE-G-75-0076, December 1976.

TABLE 3

NATIONAL SURVEY OF FINANCIAL CHANGES IN SCHOOL DISTRICTS WITH HIGHEST ENROLLMENT DECLINES, 1971-75

Increases in Average District Amounts	High "Number Decline" Districts*		High "Percentage Decline" Districts**		All Districts	
District Revenues	34%	(22%)	25%	(22%)	32%	(21%)
State Aid to Districts	50	(68)	37	(71)	44	(60)
Locally Raised Revenues	28	(62)	23	(53)	27	(55)
District Tax Bases	23	(21)	20	(22)	24	(22)
Locally Raised Revenue per Dollar of Tax Base	3	(60)	8	(48)	2	(48)
Increases in Average Per Pupil Amounts						
District Revenues	56%	(25%)	54%	(26%)	52%	(22%)
State Aid to Districts	74	(80)	67	(85)	66	(69)
Locally Raised Revenues	48	(71)	51	(62)	47	(63)
District Tax Bases	44	(27)	49	(31)	44	(28)

*Responding districts with the largest decline in the *numbers* of pupils attending school.
**Responding districts with the largest *percentage* decline in pupils attending school.

NOTE: Standard deviations are in parentheses.

SOURCE: Robert J. Dunkelmayer and John J. Hudden, "Declining Enrollments: A Survey of the States and Selected School Districts" (Syracuse, N.Y.: Syracuse Research Corporation, 1977).

fiscal response tends to produce a continuing per pupil escalation in costs. Delays in cutting a budget can often result in an unanticipated residual supply of tax monies.[26] Thus, it appears that there will be certain predictable short- and long-term responses to decline which differ substantially in degree and kind for various types of districts.[27]

Policymakers, searching for solutions, have to weigh where in the retrenchment cycle a district is and what type of district it is to choose the most appropriate response. In addition to these considerations, a policymaker has to ask: "If the demand for education is decreasing, ought we not be spending less to buy it?" When the output of an industry decreases, the industry's total expenses should decrease. Absent a proven relationship between resources and productivity gains in education, a convincing argument can be made that education, as it serves fewer people, should gradually be costing the taxpayer less.

A few statistics illustrate how bounteous the education fount has been. From 1960 to 1970, educational expenditures for public schools increased from $16 to $41 billion, a 112 percent increase in real dollars.[28] During the same time period, elementary and secondary education's share of the GNP increased 27 percent over what was spent in 1960. And yet for the past several years the litany of complaints about the quality of education continues. Questions concerning test scores, discipline and absenteeism continue to plague schools. Since more money does not seem to improve the quality of educational outputs, adding resources to education during a period of retrenchment should be treated with a healthy skepticism. Alternatively, our expectations for the education we are buying may have increased; so that we may, in fact, be buying more today than yesterday.

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[26] Sol Levin, ed., *When Enrollment Declines, Craft Leadership Action Folio 84* (Waterford, Conn.: Craft Educational Services, 1975).

[27] Jay C. Chambers and Guilbert C. Hentschke, "*The Impact of Declining Enrollments on Costs of Education and the Level of School District Expenditures: An Analysis of School Decisionmaking in the Face of Declining Enrollments*" (San Francisco, Calif.: American Education Research Association, April 1976).

[28] *The Condition of Education*, National Center for Education Statistics, (Washington, D.C.: GPO, 1976) p. 189.

There is, however, an argument to be made for some midpoint along the expenditure spectrum, because school systems in fact do require substantial funding just to be able to hold their own. Declining enrollments would not have been so serious in the absence of an economic recession and the energy crisis. Not only are school unit costs increasing, but it takes time for school systems to realize any savings resulting from decline, i.e., to lose enough students in the right places, to cut a teaching slot, to drop a program or to close a building.

Policymakers may well decide to provide transition support in the belief that this will facilitate orderly belt-tightening, but they must also realize this support comes at the expense of such other options as property tax relief, or the transfer of education dollars to other public sector needs. These options should be kept in mind as we review the policy suggestions below, for by and large, the position of the NIE-sponsored work shared by most articles on the subject, has been more on the side of increased support for education rather than demoting schools in the hierarchy of "needs" and "wants." If the former strategy is chosen, then what follows is a series of useful suggestions about how support might be best directed. If a harsher solution is preferred, what follows has less relevance.

POLICY SUGGESTIONS

The NIE research offers a number of concrete solutions designed to soften the impact of decline. There is general agreement that a coordinated federal, state and local effort is needed to avoid serious disruption of schooling. Simplistic, conventional answers--reductions-in-force, consolidation, school closings, and program reduction--are disruptions to both school and communities alike. They can, at best, be only part of a viable long-term solution. What, then, can be done to prevent panic in the streets of communities experiencing heavy out-migration and declining birth rates?

Over the next few pages we describe some of the most promising suggestions and summarize them according to the locus of action required. Different perspectives set the stage for different policies at each level of governance--local, state, and federal. The local policies are directed at budgets, staffing problems, and facilities utilization; the state policies at financial aid and technical assistance; and the federal policies at research and support. If successfully implemented, it may even be possible for the student to derive some benefit from the upheaval associated with declining enrollments.

Local Policies

Local policy prescriptions are easier to make than to apply, but there is a general consensus that the following strategies would ease the pains of retrenchment:

- o New and Improved Management Practices
- o Horizontal and Vertical Diversification
- o Flexible Personnel Policies

Yet it is becoming increasingly clear that we cannot generalize these strategies either individually or *in toto*. Because what works where and how is subject to local conditions, we merely recount the authors' policy recommendations without assigning a value or obvious preference to any of them. More than likely, the success of any single strategy depends on timing, agility and luck.

New and Improved Management Techniques

Decline is bad enough in itself, but its adverse effects are compounded by the unfamiliarity Americans in general and the education industry in particular have had with it.[29] Most of the United States' experience up to now has been confronting growth. During periods of growth there is ample slack within the system. People can make mistakes, the consequences of which may be relatively minor or even go unnoticed. During decline, the margin for error is reduced. The problems are exacerbated because those responsible for managing decline are often those least able to do so--senior managers and administrators, who jealously guard their positions and prestige in the face of an oversupply of younger applicants.[30]

A school closing scenario illustrates the special skills and considerations necessary to manage a declining enrollment situation. A commonly proposed solution is to close a school and consolidate its resources and students with a neighboring school. But because closing a school is such a politically explosive solution, it is usually a solution of last resort. The decision process is fraught with political

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[29]Kenneth E. Boulding, "The Management of Decline", *Change*, vol. 7, no. 5 (June 1975), pp. 8-9.

[30]Lewis B. Mayhew, *Educational Leadership and Declining Enrollments* (Berkeley, Calif.: McCutchen Publishing Corp., 1974).

battles centering around preserving the "neighborhood" school. Yet when communities consider closing a school, they seldom think of such non-school criteria as the impact on the neighborhood. The solution to the problem may entail consequences which are often not considered in decisionmaking. Furthermore, even if all the consequences are foreseen, administrators are likely to employ short-term solutions rather than developing long-term planning strategies. For example, elementary school enrollments are projected to rebound in the early 1980s. Communities which sell schools to offset financial problems during the current period may face the prospect of buying back or building new schools a decade later.

Some effort has to be made to enable local administrators and managers to share those strategies which work and those that don't. Among the needed skills will be the development of new budgetary practices that enable mangers to assess the trade-offs entailed in any set of decisions. While it was common practice during periods of growth to add components or increase the budget across the board, it will be tempting to excise program components or cut the budget uniformly during this period of decline. These techniques, unless exercised with great care, may result in serious and unforeseen downstream consequences. Once components are cut for example, new perceptions of what constitutes an adequate education are formed, making it difficult to bring them back.

There are lessons from the sixties that might help managers in the seventies, as Berman and McLaughlin suggest. Districts should be able to manage the change required by enrollment declines. Successful implementation of change, they believe, requires understanding of how reform is adopted, implemented, and ultimately institutionalized. All three stages require sufficient community and staff participation to guarantee a long lasting base of support. Purely symbolic attempts at reform can be avoided by such strategies as staff development, the efficient use of specialists, and budgeting systems which provide options rather than ones which assume automatic and arbitrary cutbacks.

Another way in which school district planning might be improved would be in better coordination with municipal planning and decisionmaking. As Bins and Townsel note, "the relative isolation of school district government and planning from the activities and planning of their municipalities has resulted in the duplication or mismatch of services, decisions, and facilities in a number of areas; e.g., recreation, health care, transportation, continuing education, bi-cultural services, rezoning decisions, road improvement programs, and so on. If better coordination mechanisms and institutional management systems were implemented, city school systems for one would probably be better off."

Better coordination might improve the delivery of youth services in most communities. With the advent of the Youth Employment Development Act, many LEAs will have an opportunity to work with CETA "prime sponsors," resulting in the integration of education services, job training, and placement for the first time in many areas.

Horizontal and Vertical Diversification

Businesses respond to a decrease in demand for their products through horizontal or vertical diversification. That is, they either branch out into new fields or incorporate more and more components of the production process into their ongoing endeavors. The education industry could do much the same thing by improving conditions for their current students, expanding to serve new clienteles, and using existing buildings to house other community services.

One option is to increase demand for facilities. Empty or surplus space need not go unused. There are probably many programs within a school that could use some elbow room. Libraries can add independent study areas; seminar and large-group space can be created; alternative programs can be more conveniently housed; vocational offerings expanded; and student lounges and activity offices created. Options like these enable the school to add a human touch and service orientation to what some consider a stark, factory-like environment.

Before boarding up a school, decisionmakers can consider leasing all or parts of a facility to such varied groups as health clinics, manpower employment centers, day care centers, recreation and food services for senior citizens, and family counseling services. Not only will the school system earn income, it can often sell maintenance and custodial services to the leasors, thus keeping more of its staff employed.

Furthermore, the neighboring community is bound to benefit from the influx of people and the continued use of the facility.[31]

A second option is to expand to serve new clientele. Although Zusman and Weiner found competition to be foreign to sectors of the education community serving the same students, it will probably become necessary for educators to be less complacent and adopt a more "entrepreneurial stance" if they want to encounter other than a sharply curtailed demand. There are two groups which have been virtually untapped by elementary/secondary education--adults and children under the age of five.

Schools can dispel the increasingly held opinion that they segregate students from the young and adults by allowing adults to take courses or by creating new courses for adults, such as leisure time courses, high school equivalency programs, and manpower training courses. All have the potential of bringing new clients into the school. Of course, it will be much easier for high schools to move in this direction because elementary school facilities are usually unsuited for adults.

On the other end of the age spectrum, schools could begin offering preschool services. In-school child care services have two strikes against them--they are more expensive than other modes of child care, and many parents prefer home care to institutional day care of any sort.[32] Yet schools could probably initiate marketing surveys in their community to determine if such preschool services are desirable.

Flexible Personnel Policies

The biggest problem posed by decline, with the exception of school closings, is staffing. Currently, most systems have not cut teacher slots because attrition is taking care of excess positions. But the time will probably come when districts will have little choice but to lay off teachers. Such a decision is bound to wreak havoc among teachers and their unions. Charges of decreasing program quality will proliferate and labor-management disputes will likely escalate.

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[31]A study conducted for NIE by the Seattle School system suggests that facilities utilization, in fact, may account for the lack of many significant effects of school closings. Every school which Seattle closed was used by the community for non-educational purposes. See Nancy Burton, Donald Eismann and Alice Woldt, *Schools and Neighborhoods Research Study, School Building Use Study*, December 1976.

[32]Meredith A. Larson, *Federal Policy for Preschool Services, Assumptions and Evidence* (Menlo Park, California: SRI, International, 1975).

Unless communities are willing to pay a higher price for education, teachers will be facing job losses and curtailed employment opportunities. There are, however, several strategies districts could use to decrease the likelihood of teacher unemployment. For example, districts could offer teachers the prospect of early retirement or lengthy sabbaticals. Both allow older teachers to leave the system and enable younger teachers to replace them. Long-term sabbaticals also give teachers the opportunity to try out another field with the guarantee of returning to the classroom should the alternative career path prove unsuccessful. School systems might also experiment with work-sharing programs in which two teachers share one position.

Given the lack of opportunity for new hires, an increasingly older group of teachers will be staffing schools, and schools may lose the leavening that younger and new teachers provide. Therefore, it will become increasingly important to establish meaningful in-service programs which can update teachers on new techniques in the field. Unfortunately, the reputation of many in-service programs has not been good. Because this may be the only means to keep teachers and administrators up-to-date, new strategies will have to be developed to make in-service projects meaningful and to give faculty incentives to participate in them.

State Policy

States can be characterized by a range of financial support systems and means of revenue distribution as well as varying degrees of research capabilities and different organizational strengths. Despite these differences, however, there are some common approaches and policies that states are or could be considering. The areas that the authors uniformly found susceptible to change are:

- Reformulation of state aid policy to protect districts against sudden losses of state aid
- Improvement of forecasting methods to provide LEAs more lead time
- Technical assistance and dissemination of information regarding improved management practices and planning for fluctuating enrollments

- o Provision of special services to local units and development of alternative means for the delivery of services

- o Reshaping of teacher certification and personnel policies

State Aid

Partly as a result of their growing financial role in education, states have taken the most concrete actions to date to counter the effects of declining enrollments. Much of the panic in districts can be traced to fear of loss of the states' financial resources that have come to be taken for granted by most LEAs. Therefore, it was predictable that state agencies and legislators would use state aid mechanisms to ease the pressure.

The most frequently proposed solution has been the "hold harmless" clause which limits the loss of state aid to any single district because of declining enrollments. Not a "solution" in the strict sense, the "hold harmless" provision was actually in place in many states long before decline was recognized as a serious problem. It had been introduced into state aid reform bills to prevent losses to districts from redistricting and to secure the votes of legislators in districts threatened by loss of funds. Therefore, existing "hold harmless" laws in some states only incidentally offer protection to districts with falling enrollments. In other states, however, more direct measures have been initiated such as the use of multi-year averages or prior year student counts, as the basis for distribution. Adjustments to state aid formulas have been suggested by Bins and Townsel, Wilken and Callahan, and Leppert and Routh, with the latter describing the current state systems in detail. These authors agreed on the need for some state aid protection if not on the means.

The degree of protection for operating budgets is, of course, dependent on how much the state is willing to invest. In some instances the protection is more symbolic than real. Most state aid "hold harmless" clauses are, of course, only short-term solutions providing temporary relief to diffuse the impact. Basing aid on a prior year count, a moving average, or guranteeing a percentage of a prior year's aid only delays the eventual financial crunch. In addition, much of the aid saved can be devoured by inflation. Ensuring a fraction of the previous year's aid offers little solace if an increase is, in fact, required just to keep pace with rising costs.

It is evident that as long as state aid formulas are based on per pupil formulas, declining enrollments will create financial problems. Costs are *not* entirely variable, as many of the papers pointed out. Possible long-term solutions, then, are to develop formulas that can simulate the real budget flexibility of the school district or to offer support through program-based categorical aid. Unfortunately, the former would mean even more complex state aid systems than we already have and would be quite difficult to enact. The latter attaches "strings" to the money and conflicts with local autonomy. The current strategy, then, is to continue to do what states have been doing--using compensatory means to buy school districts time to adjust to their reduced enrollments and revenues.

Forecasting

While the operational problems are ultimately felt within the schools, state education agencies have an unique vantage point to generate solutions. Many of the authors suggest that states should improve their capability to analyze enrollment trends by projecting enrollments in a less aggregated fashion. National and even statewide projections do nothing for individual districts since they overlook the nonuniformity of enrollment decline. And regional situations have to be considered in predicting what is likely to happen to individual schools. Knowledge of economic conditions, migration patterns, and complex social or economic indicators can help districts plan ahead. In order to supply such information states need to develop reliable data collection mechanisms. Local agencies have neither the means nor the sophistication to do this, and the federal government has neither the authorization nor the motivation.

Planning and Dissemination

Another general responsibility of state agencies is to offer technical assistance and to disseminate information to local agencies--information not only on what is *likely* to occur, but on what can be *done* about it. States can increase LEA awareness and help districts build on the experiences of other LEAs. Educators in local districts--especially in rural areas--often feel isolated and out of touch with others in the profession and believe their situation is unique when, in fact, it is not. Too few networks for the sharing of information exist. SEAs, along with statewide professional organizations such as the National School Boards Association, the National Association of State Boards of Education and the unions can help by publishing information, holding seminars, running training programs, and offering workshops on topics related to the problems associated with decline.[33]

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[33]Several associations have already published manuals on the problems of decline and ways of overcoming them. See for example David H. Florio, *Declining Enrollments* (National School Boards Association), 1978; and Robert J. Goettel and Dana W. Paige, "A Report on Declining Enrollment," in *The Imperative of Leadership*, vol. 2, no. 1 (National Association of State Boards of Education, July 1976).

Some of the work needed is simply public relations related. Because of the ethic of growth that has evolved, declining enrollments take a psychological toll on schools that exacerbate the financial problems. Citizens are less likely to approve legitimate budget increases or bond issues when enrollments are dropping. Keough suggests that communities tend to perceive decline as indicative of communal failure rather than as a growing demographic pattern resulting from shifting values. [34]

The major thrust of the technical assistance, however, ought to be directed toward improving management practices. Management science and organizational behavior are disciplines that can be learned and applied to mitigate the effects of changing conditions. In times past, as the papers repeatedly point out, management problems existed but there was little need to take them seriously with expanding enrollments and growing resources. Choices among important alternatives were not difficult if by waiting a district could expect to eventually have each of them. State assistance was not needed and when offered was often even rejected as interference. Under the crisis conditions that now exist in some communities, help is not only welcomed, but requested. As the constraints on resources have tightened, decisions about the allocation of scarce resources become more important and more susceptible to already developed management decisionmaking methods and models. Budgets that previously resulted from standardized increases for growth now require careful scrutiny and analysis. PERT, economic order models, distribution models, and simulation are all techniques that states can disseminate to help localities optimize the use of scarce resources.

Special Services

State agencies can directly provide some of the specialized services that are most likely to be lost when budgets are out. Using techniques that have been developed for rural districts over the years, the state, through the state department of education or regional and intermediate agencies, can serve the handicapped or exceptional child when the demand cannot justify the high cost of these services. The specialized services--whether basic or "frills"--that are the first to go in a financial crunch because of their limited appeal or limited clientele *can* be retained if the costs are shared. Often state or regional units are the most expedient way to do this. The experiences of rural areas can be utilized by larger districts now being forced into similar conditions that rural districts have been experiencing for years.

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[34] William Keough, Chapter 9

Staffing Policies

Lastly, the states can contribute to developing more flexible staffing policies. While parents, taxpayers and students are only indirectly affected by changing enrollments, teachers and support staff feel the full force of its aftermath. A taxpayer may pay a few more dollars and a student may lose an elective, but the teacher stands to lose his or her job. The minority teacher or female administrator who, in most cases, has less seniority than her white, male counterpart, is most likely to be let go.[35] Most of the authors suggested that the states can protect both teachers and the affirmative action gains of recent years by creating early retirement incentives, establishing teacher job clearinghouses, retraining teachers for skills in demand, and providing subsidies for teachers to go back for advanced education.

Federal Policies

What can the Federal government do to help LEAs and SEAs cope with the problem of decline? Even though local and state decision-makers will act out most of the drama of retrenchment, the federal government has a role to play. First and foremost, the federal government has the perfect vantage point for conducting national research, evaluation and development work. Only the Office of Education, the National Institute of Education, and the National Center for Education Statistics have a broad enough mandate and interest to survey the country for trends, techniques, and programs which can benefit practitioners from all parts of the country. The authors reviewed suggest that it would be appropriate for the federal government to provide staff development, as well as suggest technical assistance activities and research and dissemination projects.

Our contributors also suggested a range of research activities that the federal government might undertake. For ease of presentation, we have divided them into finance and management questions.

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[35]See Chapter 10 by Rosenberg

Finance

Many states have instituted various mechanisms to ameliorate the impact of decline.[36] As yet, we know very little about the effectiveness of these revisions in the formulas and whether or not they provide the necessary aid across a range of states and districts with widely different needs and characteristics. These hold harmless clauses may be most effective in states with greater responsibility for supporting education; or they could penalize urban districts most. Further research could suggest what the most likely effects are. Even more important, we have no idea how such legislative tinkering interacts with recent state attempts to distribute monies more equitably. Any decline in students will result in higher average wealth *per pupil* and a concomitant reduction in state equalization aid, thus increasing the likelihood of offsetting state equity goals.

Research is also warranted into the fiscal and administrative costs of and responses to decline. Although adequate models may exist describing and modeling changes in the education sector during an era of growth, very little is known about organizational and fiscal response to decline. Models of other industries may be inappropriate, but until education develops some of its own, industrial models may be the only guide. Once new models are developed, they may help policymakers evaluate solutions as well as suggest where intervention might be most appropriate.

Management

Techniques used during periods of growth may fail administrators and teachers during periods of decline. Keough calls for the development of a "science of contraction management" which would help to identify new management skills and transmit them to practitioners in the field.[37] Such a science would also pinpoint what institutional characteristics and decisionmaking strategies best predict successful management of high enrollment loss.

The politics of decline also bear careful study. Research and case studies indicate that political and bureaucratic problems result when district decisions are made without practitioner and community input.[38] Yet, there are many unanswered questions about practicipatory structures and what makes them effective. "How can meaningful arrangements be implemented?", "What is the relationship between

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[36]Leppert and Routh, Chapter 5

[37]Keough, Chapter 9

[38]Katherine E. Eisenberger, Closing a School: Some Ways to Ease the Trauma. School Management 18;7, 33-36 (August/September, 1975).

participation and decisionmaking?", "What kinds of authority should be delegated?", "Who should participate and how should they be selected?" Some strategies may politicize the community excessively, while others may result in more effective (and peaceful) community involvement.

CONCLUSION

"Anything worth doing, is worth doing badly," said Kenneth Boulding[39] in a 1977 address to the Council of Educational Facility Planners. Speaking about his bent for watercolor painting, he mentioned that his son suggested lessons to improve his technique. Boulding responded that schooling would obviate his claim of being a naive painter. The moral he offered the audience was not that decline shouldn't be better managed, but that we should not be afraid to do a bad job of it. "Nothing succeeds like failure", he went on to explain, suggesting that managers pay equal attention to what works and what doesn't. This, he maintains, will be the most successful way for learning how to manage the uncharted voyages of decline.

Cohen and March in their book on the American university president strike much the same tone.[40] They maintain that there is nothing in the president's background which prepares him or her for the task. The president's conception of the job and estimation of what can be done are usually off the mark. Given this situation, they advise college presidents to be humble in their expectations and to become relaxed about what it is that they might actually accomplish. Such a stance would minimize frustration and guarantee greater satisfaction.

The retrenchment process that education is going through may result in a trial and error process. It is possible, moreover, that what works in one situation may not apply in another. For the first time in the recent history of American education there may be no "One Best System".[41] There is another scenario with which schools could respond that some educators and social critics may find appealing. That is a shift toward pluralism and variety among schools.

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[39]Kenneth Boulding, *Coping with Decline*, 54th Annual Conference of the Council of Education Facility Planners, International, Seattle, Washington, October, 1977.

[40]M.D. Cohen and James G. March, *Leadership and Ambiguity: The American College President*, Carnegie Commission on Higher Education, (New York: McGraw-Hill, 1974).

[41]David Tyack, *The One Best System*, (Cambridge, Massachusetts: Harvard University Press, 1974).

Shifting enrollments are already forcing administrators to build flexibility into their programs and to react more quickly to change. The result may challenge the degree of standardization currently existing among schools. Changes in facilities utilization, in student groupings, and in delivery systems could provide a framework for subtle, nonthreatening innovations that might now even be cost-justified. School managers with budgets less dependent on precise enrollments would have less reason to oppose experiments such as vouchers or to fear competition from the private sector. Forced responses to shifting enrollments may well bring about some of the innovative experimentation that federal initiatives (and funds) failed to produce.[42]

Of course, some districts will react conservatively by eliminating what they consider to be frills, and cutting-back programs. But others will certainly respond by finding more creative ways to maintain their ongoing programs, and in these is the hope for the future. In the end, the most positive outcomes of today's administrative headache may be a new flexibility and openness in education.

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[42] Paul Berman & Milbrey Wallin McLaughlin, *Federal Programs Supporting Educational Change*, (Santa Monica, California: The Rand Corporation, 1975)